

LNF Work Group Meeting
March 6-8, 2001
Denver, Colorado

GENERAL AGENDA

Introductions

Discussion and Adoption of “Ground-rules”

- Workgroup Members
- Observers

Review of Regional Consultation Hearings

- Work Group members report on issues or proposals for refining/improving the IHCIF formula

Questions by Conference Call to Actuary (Dr. Chris Hogan)

Revision of Agenda Topics and Approach to reach decision

- General Discussion
- Formula Changes / Improvements requiring WG decisions

Action on Proposed Revisions to the Methodology

Draft of Recommendations Letter to the Director

Review
Approval

Plans for March Consultation Meeting in Albuquerque, NM

Adjournment

CONSIDERATION FOR PROPOSED REVISIONS TO THE LNF/IHCIF METHODOLOGY

The discussion list may be revised and augmented by work group members.

INFLATE BENCHMARK

- **\$2,980 Benchmark**—Inflate original \$2,980 benchmark by 8.1% raising value to \$3,221. 8.1% is the average increase of employer sponsored health plan premiums.

OPERATING UNITS

- **Additional OU Breakouts**—Additional operating units are broken out in Alaska, Phoenix, and

USER COUNTS

- **1999 User Counts**—Replace 1998 user counts with the more recent data (1999 user counts). Status report by HQ Office of Statistics and others as appropriate. Options and decision.
- **NON-CHSDA Users**—Add counts of users who reside outside boundaries of CHSDAs. Status Report by HQ Office of Statistics. Options and decision.
- **New Tribes**—The workgroup and most comments during consultation support funding for new tribes not from the LNF fund in the first year (CHS is the typical source), but to include them in the methodology on an equivalent basis thereafter.

EXTERNAL PRICE FACTOR

- **Purchase %**—Replace the CHS % (proxy for purchase %) with purchase % data reported by operating units. Status report.
- **Referral Price Value**—Replace the original price index taken from the county location with price indices from places to which referrals are made. Average the price indices for primary referral care and specialty referral care locations. Values are assigned by referring to maps and data in the Dartmouth Atlas of

Health Care.

- **Proxy Rural Price for Alaska**—Replace the all-Alaska price factor with price values for rural locations (typical data sources do not show rural cost factors for Alaska).
- **Recalibrate Price Indices**—Recalibrate raw price index data so that the weighted average will result in a new IHS average benchmark equal to \$3,221.

INTERNAL PRICE FACTOR (SIZE)

- **Internal %**—Replace the internal percentage (1-CHS %) with (1- purchase %) data reported by operating units. As a quality control assumption, if users < 1,000, 90% of benefits package is assumed to be purchased.
- **Isolation Factor**—Alaska tribes have proposed to add an isolation price percentage for extremely remote locations (e.g., without access to roads).
- **Village Aid Facilities**—Alaska tribes have proposed an adjustment for village aid clinics, which are unique to Alaska. Because the village aid program is without direct counterpart in mainstream health plans, another alternative is to discount related resources from available resources.
- **Recalibrate Internal Efficiency Value**—Compute revised efficiency factors for new data. The values are revised to reflect the breakout of all-Alaska data and breakout of OU data in other Areas. The values are computed so that:
 - Weighted average price for all IHS will equal \$3,221
 - Doubling of size (users) reduces price by 10%

HEALTH STATUS FACTOR

- **Rescale for More Weight**—Numerous comments proposed increasing the importance of the health status data in the formula. Rescaled options with higher weights will be presented.
- **Area Age Adjustment**—Oklahoma tribes have proposed adjusting the benchmark for age differences among Area populations.
- **Health Status Index %**—Numerous tribes have proposed replacing the original health status index with alternative data more directly related to Indian health. The following Area health status data are available to construct a revised health status index in any combination from the below:
 - High Indian Birth Rates, High & Low Birth Weight Rates
 - Low Indian Life Expectancy Rates

- High Incidence Rates for specific diseases (Injury, Heart, Cancer, Diabetes, Alcoholism)
- Poverty Rates

AVAILABLE RESOURCES

- **FY 2000 Data**—Replace the 1999 financial data with 2000 data. Review of process that Area offices used to report 2000 data.
- **Area and HQ Shares**—A breakout of shares in 2000 is included to prevent double counting. Review and discussion.
- **Area-wide Step Down**—Funds not identified by OU are considered for proportionate step down (or not) to OUs. Exceptions are identified and discussed.
- **IHS-wide Step Down**—Funds not identified by Area are considered for proportionate step down (or not) to OUs. Exceptions are identified and discussed.
- **CSC Funds**—A technical workgroup will report on their proposal to discount the amount of CSC funds that are counted. Discussion and review of options.

FORMULA THRESHOLDS

- **Reconsider 60%**—Numerous proposals to both raise and lower the threshold for participating in the allocation were made.
- **Incremental Thresholds**—There are several proposals to allocate the IHCIF among LNF co-horts incrementally with greater amounts targeted to the most underfunded. Options such as the following will be presented and discussed:
 - 40% of \$ to tribes below 40% LNF
 - 30% of \$ to tribes 40-60% LNF
 - 20% of \$ to tribes 60-80% LNF
 - 10% of \$ to tribes 80-100% LNF